June 2000, reflecting, partly, the strengthening of the US dollar against other major currencies in the international markets and partly some market correction in the nominal exchange rate for the fact that the rate of inflation in India was higher than the rates of inflation in India's major markets, leading to some appreciation of rupee in real effective exchange rate terms. The RBI took necessary steps to contain the volatility. As a result, the rupee-dollar rate stabilized in the subsequent periods. On July 14, 2000, the exchange rate was Rs. 44.705 per US dollar compared with Rs.43.635 at the end of April, 2000, a depreciation of rupee of about 2.3 per cent.

The movement in the exchange rate of the rupee during recent months nevertheless, corrected for the appreciation of rupee in real effective exchange rate terms, which has occured because of the inflation differential between India and her major trading partners. The market correction in the exchange rate will also offset some of the competitive disadvantages arising from the sharp depreciation of currencies of our competitors in South Asia and neighbouring countries. This is expected to give a boost to our exports, the growth of which had faltered in recent years. The rupee depreciation is also expected to restrain imports and will help strengthen our efforts at cost effective import substitution.

(d) The exchange rate of the rupee in India is market determined. The movements in the nominal exchange rate of the rupee vis-a-vis the US dollar over the years reflect the developments in the foreign exchange market conditions in India. Movements of the rupee against the dollar also reflect to some extent the movement of the dollar against other major currencies in the international markets. The exchange rate developments are closely monitored both by the Government and the Reserve Bank of India (RBI). The RBI, as and when necessary, intervenes in the foreign exchange markets and deploys suitable monitary and other measures to effectively counter speculative pressures on the rupee, to even out lumpy demand and supply in the relatively thin foreign exchange market and to ensure orderly foreign exchange market conditions.

Shortage of small denomination Currency Notes and Coins

240. SHRI CO. POULOSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the grave shortage of small denomination notes and coins in many parts of the country; and

(b) if so, the steps taken to undo this shortage?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR): (a) As a policy Re. 1, Rs. 2 and Rs. 5 have been coinised and their printing stopped from September, 1994, January, 1995 and November, 1995 respectively. The Reserve Bank of India has launched a spe cial drive to replace the soiled notes of Re. 1, Rs.2 and Rs. 5 by coins through its own offices as also the public sector bank and some private sector bank branches.

(b) The following steps have been taken to improve supply of coins in the country:

(i) The India Government Mints are being modernised to augment the indigenous production of coins.

(ii) Coins have been imported to reduce the shortage.

Regularisation of Monthly income Account

241. SHRI DAWA LAMA: Will the Minister of FINANCE be pleased to state:

whether it is a fact that Union Minister of Communications had recommended a number of cases for regularisations of MIS account where deposits in multiples of Rs. 5000/- have been accepted;

whether it is also a fact that the recommendations were turned down; and

whether Government can deny payment of interest and bonus on portions of such deposits, even the money is in Government exchequer for 6 years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI V. DHANANJAY KUMAR): (a) Yes, Sir.

(b) and (c) The Government have decided to regularise the accounts having deposits in multiple of Rs. 5,000.

Foreign stake in Nationalised Banks

242. SHRI PRANAB MUKHERJEE: Will the Minister of FINANCE be pleased to state: